PRESERVED

App. F. IX-4

1935

File No. 22-35

Serial Nos. 3-10

Previous References
G.7. 223-34 (1-3)
" 22-35 (1-2)
" 427-34 (1-3)
Letter References.
G.7. 131-36 C5-6.

PHSE

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 10

Part B for Feb-

SUBJECT.

further working advance of Rs 60,000 to the Srikrishnarajapura mills, and the payment of subsist on the block loan working advance

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS
THE MAHARAJA OF MYSORE

Read:-

Government Order No.Fl.1301-3/G.F. 427-34-3 dated 7th August 1935, sanctioning the grant of an additional working advance up to a limit of Rs.2/- lakhs for a period of one year, carrying interest at the rate of 5½ per centum per annum to the Sri Krishnarajendra Mills Ltd., subject to suitable agreement being obtained from the Mills and the procedure of drawing the advance from the Treasury and paying interest thereon continuing as before.

2. Letter No.4168/14 dated 5th November 1936, from the Managing Agents requesting that the additional working advance sanctioned above be continued.

ORDER NO. Fc 3239-41 G.F 131.36 2

Dated, Bangalore, the 18th November 1936.

Government are pleased to continue the sanction to end of the current official year on the same terms as are mentioned in the Government Order read above, regarding interest, procedure of drawing etc.,

The Chairman is requested to obtain suitable agreement from the Mills.

K Venkata Rao
Financial Secretary to Government

The Chairman, Sri Krishnarajendra Mills, Mysore.
Comptroller to Government.
Managing Agents, Sri Krishnarajendra Mills, Ltd., Mysore.

K.T.R.4.

1. No D6. S. K. M 25-21/35-36 d 3.10.35. from the Director of I & C Commerce the request of the Managing Agents of the S. K. Mills that interest be on both the Block & Cash Credit loans be made payable half Yearly, subject to the amount so payable being limited to the earnings.

The request of the Managing Agents, Commended by the Director is two fold:-

(a) that the interest on both the Block & working Capital loans be allowed to be paid every half year, in supersession of the existing arrangement under which, the interest on the Block loan is payable half yearly & that on the working Capital loan quarterly.

(b) that the total amount of interest so payable be limited to the working profits of the Company during the period, the balance, if any, being held over for payments out of future profits.

The first request was perhaps nothing

NOTE—Contn. Sheet.

2

File No. of 193 | General and Revenue Secretariat

Very exceptionable in it, as interest on the Block loan is already payable only half-yearly and interest on the working Capital loan also could well be placed on the same basis. But, it should be remembered that the working Capital loan is operated on as a banking (personal Deposit) account & has only to be kept scrupulously prompt in the clearance of demand. The Company could have to permit accumulation of interest in this account at its own risk & to its prejudice, as such a procedure will cramp the working resources of the Mills.

3 The second request, though put in a plausible & manner is fraught with serious possibilities to the Creditor, the Govt. To make the realisation of interest depend on a contingency of earning profit is rather a novel proposal of a debtor. This seems to be a sui-generis doctrine not even heard of.

It is true that in

Serial No.

In past years the interest was being paid but after Cash Credit. It was rightly done so, as interest was the first charge.

4 When Messrs. Sims & Co came into the management, the understanding was that no further funds than those that existed, would be asked for. Still, they made out a case that the full working advance of Rs. 8 lakhs was not available to them, and got sanctioned a further sum of Rs. 2 lakhs, which represented the deficiency in Rs. 8 lakhs. They have now come up with a proposal which in essence means:—

that if the Company earns no profits, interest will not be paid but will be added on to the Advances already given. The Security Margin of 25% is restricted & the total value does not cover the advance made If interest also is to be carried

WD 03594—GPB—30,000—13-7-35

4 1595/31

File No. of 193 General and Revenue Secretariat

over", Govt may have to be prepared to get rid of money in their Rs. 30 Lakhs.

5 Kindly see note & order on G.I. Dele 22-35-1 & 2 stating that no such delay could be allowed for in the payment of interest, as a further advance of Rs. 2 Lakhs has been made.

6 The interest was the only return that the Govt were getting for their large sum of money, and the present proposal purports to take away that return too.

Subs for orders

7/10/35. 7 I agree with the above. The first request, that interest be made payable half-yearly, may perhaps be granted. But our present financial position, we cannot accede to the proposal to recover interest only to the extent that the working profits may cover it

Fl Secy) 14/10/35

8 Why should the agreement be deposited from?

9 This letter has come to fort with the proposals being placed before the Board. I spoke to the Director of Industries about it. He said we may return it for being submitted with the Board's resolution. The proposal made is somewhat out of the way and contains facts & an unknown & indefinite

1545/x

[Ann. F. III—2

General and Revenue Secretariat | File No. | of 193

Serial No.

DEWAN'S OFFICE
18 OCT 1935
No. 2115

OFFICE OF THE FIRST MEMBER OF COUNCIL
17 OCT 1935
No. 2903

liability. It is most objectionable financially as has ~~ever~~ not been adopted by ~~for~~ any one else in any other case-

Before writing to the Director of Industries as suggested above the reference is submitted to the 1st Mr and Dewan for personal

(1st Mr Dewan)

K
17/10

E
17.10.35

H

Seen - (Lately interest was being paid part of working capital. What the agents now want is that the working capital should remain intact and that if the working profits are not sufficient to pay the entire interest, the ~~deficit may remain as a debt~~ payment of the deficit might be allowed like made case - It seems to me ~~more~~ no less than the same thing!)

KR
18/10

TYPING SECTION.
23 OCT 1935
GENL & REV. SECTT.

I Mr
18-10-35

or

E 21/10/35.

13

Draft put up

For Consideration.

K
21/X

H Seey) E
22/10/35.

2nd Mr

For personal.

K 23.11.35.

Done K 24/10 E 23/10/35

NOTE—Contn. Sheet.

WD 0434—GPB—15,000—12-10-33

6

G. File No. 22 of 193 5.

General and Revenue Secretariat

Serial No.

No De 3314 d. 25.10.35 fr the Dir of I & C requesting him to obtain the Views of the Board of Directors on the Proposal.

Dir 29/X

16 Seen.

17 I should like to see the papers relating to the contemplated loan of Rs. 2 lakhs for working capital

OFFICE OF THE SECOND MEMBER OF COUNCIL. 8 NOV 1935 No. 3507

RMM 5/11/35

18 Papers put up herewith

2nd Secy

Sir

OFFICE OF THE 2ND MEMBER OF COUNCIL. 9 NOV 1935 3547

19 Seen and returned with Thanks

RMM 11/11/35

Revd No 13764 d. 12.11.35 from the Managing Agents S. & K. Mills forwarding the Board's Resolution to limit payment of interest to the working Profit earned every half year, & also enclosing copy of letter to the Comptr not to debit the interest due from the addl advance of Rs. 2 Lakhs recently sanctioned.

20 Please see notes & orders ending with Para 12 above.

21 The Dir of I & C

Request of the Agents E. K. Mills to defer
1595 payment of interest on Govt. Loans

General and Revenue Secretariat | File No. 90 of 1935 | [App. F. III—2

Serial No.

B

was addressed in accordance with
para 9 of rules (Vide our letter).
He has not yet sent his reply.
Meanwhile, the Agents have sent
up the Board's Resolution claiming
the former request for paying
interest only when profits accrue.
2/ The Agents have also
sent a copy of their letter to
the Comptr. They seek to anticipate
Govt's favourable decision on
their request & ask the Comptr
not to deduct the interest overdue
from the adl. working advance
recently paid. The Agents are
not in order to do so, but the Comptr
may not act without instruction
from Govt.
3/ It is well to get the Dirs' views
also before dealing with the Resolution,
which is also by the way not
unanimous, the Hon'ble, a Govt.
Dir, dissenting

4/ We apply the Dir of Ind Com Cell be
consulted pl.

Sd 6/11 Calls for orders

Sd 25 H Seey) 16/11/35

Sd 2nd Mr)

Sd 16/11

27 Nov 18/11/35 16/11/35

OFFICE OF THE SECOND MEMBER OF COUNCIL
15 NOV. 1935
No. 3773

NOTE.—Contn. Sheet.

WD 0591—GPB—30,000—18-7-35

8

2001/Fl

File No. of 193

General and Revenue Secretariat

28 Forwarded with Compliments to the Director of Industries for favour of remarks.

S. Thamarai
18-11-35

W.O. Fl. 173
19/11/1935

25 U.O.No. 28 Dated the 26th November 1935.

RETURNED WITH COMPLIMENTS:-

30 The Mill requires the whole amount of Rupees Two Lakhs for its operations. In fact, they want more if they should stock all the cotton they require for spinning. They cannot spare any money out of this for any other purposes. I consider it very necessary for the successful and profitable working of the concern that their request should be granted. The unpaid amount may be added on to the loan and it will carry the same rate of interest.

U.O. 28 dated 27/11/35

26

FINANCIAL SECRETARY
27 NOV. 1935
No.

Abdulwajid.

DIRECTOR OF I&C.

BV.)

31 The resolution of the Board of Directors, since received from the Director of Industries and Commerce, is submitted herewith.

32 There are two points for consideration:-

(1) whether the Rs 8 lakhs allowed as a working advance should always be maintained at that level by recouping losses;

and (2) the procedure to be adopted for such

recoupment -- whether it is to be done directly by getting a further advance sanctioned or indirectly by not paying interest due to Government.

33 The suggestion is that the payment of interest due to Government on the loans obtained from it should be limited to the working profit earned every half year This suggestion leads to the automatic increase of the working advance to the extent of losses incurred and such an indirect method of financing is financially objectionable and acts prejudicially to the interests of Government as it commits Government to an indefinite increase automatically (without further orders,) in the amount of the working advance, while the security therefor would go on dwindling.

34 Interest is one of the several items of ordinary expenditure of the Mills and should be treated in the same way as other items of expenditure such as wages, cost of cotton stores etc., purchased. There is no reason why the Mills should single out this item for non-payment. The interest due from the Mills is taken as a revenue to Government under "Interest" in the Budget and the postponement of the payment of interest means reduction of revenue to Government and will affect the revenues and Budget of the State

~~While asking for the additional working advance~~

WD 03594—GPB—30,000—13-7-35

~~of Rs 2 lakhs, the Managing agents expected that with this additional advance it would be possible to run the concern without a loss during the current year.~~

35 When the management of the Mills was taken over by Government in 1931, it was anticipated that a working capital of Rs 4 lakhs would ordinarily be sufficient, and the working capital was subsequently raised to Rs 8 lakhs temporarily. The additional Rs 4 lakhs have been retained permanently and an additional sum of Rs 2 lakhs has since been sanctioned. The total working advance thus comes to Rs 10 lakhs, and the present proposal practically means the grant of further working advance to the extent of loss sustained, as a matter of course. Government have not anywhere accepted the recoupment of losses as a matter of course.

36 While asking for the additional working advance of Rs 2 lakhs the Managing Agents expected that with this additional advance it would be possible to run the concern without a loss during the current year.

37 Even in regard to Government commercial concerns like the Mysore Iron and Steel Works, the losses sustained are not recouped automatically. When the losses become large and the effective working advance is eaten into to an appreciable extent, and the concern formally applies for an additional advance giving reasons as to why the existing

Serial No.

existing cash resources will not be sufficient, ~~and~~ Government sanctions the same. There is no reason why a different procedure should be applied in the case of this Joint Stock Concern. The Mills should pay interest to Government as and when it is due, just as they pay wages, cost of cotton and other materials, etc., and should not make any distinction between dues to Government and dues to others. If they want more funds from Government they should ask for the same openly, explaining the need. The Director who has recommended the proposal of the Mills does not appear to have paid proper regard to the interests of Government or of the Tax-payer while making this recommendation.

38 The Mills have been managing with Rs 8 lakhs since April 1932 even though they sustained losses and a portion of the working capital was eaten away by such losses. There is no reason why the Mills should now ask for more funds automatically to the extent of losses sustained. Losses occur gradually and when their amount is small the reduction in the working advance of the Mills would be small and a small diminution in the working advance should not affect the working of the Mills or necessitate an additional advance. It is only when such diminution becomes appreciable that it will be necessary to recoup it and in such a case the proper course is to ask Government to increase the working advance

WD 03594—GPB—30,000—18-7-35

12

2228/H

File No. of 193 | General and Revenue Secretariat

giving reasons therefor. With efficient management, a loss should not occur, and it is not expected to occur.

89 There is a tendency on the part of every one to treat Government as a fair prey for being exploited and to go behind the terms of contract which require payment to be made to Government. This tendency should be resisted in the interests of General Revenues and the general Tax-payer.

4.c The Mills may be given all the funds found necessary for working but they should be required to adhere to the terms of the Contract with Government and pay interest to Government as and when it is due.

I would therefore state that the Mills may be told that Government regret that they cannot accept their suggestion and consider that interest should be paid on the due dates according to the terms of the agreement and an additional advance asked for openly when it is found absolutely necessary.

2W M'd Dewan)

h
6/12

6/12/35.

Serial No.

42 Mr Sivier saw me and the Financial Secy again to-day. We explained to him that the procedure followed for the periodical adjustment of interest on the loans was not only proper in itself but could not possibly handicap the working of the cocoa. Besides it would appear an opportune to Govt to review the working and prospects of the Rules once in six months or so.

43 His present request is for an additional working advance of Rs 60,000 owing to the increased scale of pensions and the existing commitments & market conditions. His request appears to be reasonable and may be complied with

Dewan)

NLL
11/12/35

44 MS
11-12-35

NLL
12/12/35

45 I took the file in person to the Sec/Member and explained it to him. He was also agreeable — As also Sivier said that he wanted money urgently, the draft put up will be issued if approved and a Submission note put up later

NLL 13/12/35

May be issued

NLL 13/12/35

2nd Sec + Dewan

13/12

DEWAN'S OFFICE
12 DEC. 1935
No. 3850

OFFICE OF THE SECOND MEMBER OF COUNCIL.
12 DEC. 1935
No. 1001

OFFICE OF THE SECOND MEMBER OF COUNCIL.
13 DEC. 1935
No. 4615

NOTE.—Contn. Sheet.

WD 03591—GPB—30,000—13-7-35

14

File No. 2226/R of 193

General and Revenue Secretariat

Letter No.F1 5063 dated 13-12-35 to the Chairman, the Sri Krishnarajendra Mills and Director of Industries and Commerce. 6
Memo Nos. 5064-5065 dated 13-12-35--Copy to the Comptroller and the Managing agents of the Sri Krishnarajendra Mills.

47) Issued.

48 D F N is put up.

OFFICE OF THE SECOND MEMBER OF COUNCIL. 14 DEC. 1935 No. 4648

Second Member

14/12/35.

14.12.35

49 D. F. N. Signed by Members

16/15

50 Dewan) 17/12

51 17-12-35

DE 17 DEC. 1935 No. 3999

Final Note by the Second Member of Council.

Subject.—

Sanction of a further working advance of Rs.60,000 to the Sri Krishnarajendra Mills, Mysore.

1 With the gracious approval of His Highness, an additional working advance of Rs.two lakhs was sanctioned to the Sri Krishnarajendra Mills Ltd., Mysore, in July 1935 thus raising the total working advance to Rs. ten lakhs. The Mills have represented that the additional loan of Rs.2 lakhs was barely sufficient to meet the working expenses of the Mills and have requested Government to limit payment of interest on the loans taken by the Mills from Government to the working profit earned every half year. This request leads to the automatic increase of the working advance to the extent of losses incurred and such an indirect method of financing is considered not desirable, since it commits Government to an indefinite increase automatically in the amount of the working advance. When the papers came to me, I minuted as follows:-

Page 13 of office Notes

"Mr. Sirur saw me and the Financial Secretary again today. We explained to him that the procedure followed for the periodical adjustment of interest on the loans was not only proper in itself but could not possibly handicap the working of the concern. Besides, it would afford an opportunity to Government to review the working and form an idea of the prospects of the Mills, once in six months or so.

"His present request is for an additional working advance of Rs. 60,000 owing to the increased scale of operations and the existing commitments and market conditions. This request appears to be reasonable and may be complied with"

-do-do- 3 The Dewan and the First Member of Council are agreeable to the sanction of a further working advance of Rs.60,000 to the Mills and as the extra advance was required urgently orders have been issued sanctioning it.

4 I request the gracious sanction of His Highness to the above advance.

MEMBER OF COUNCIL

Bangalore,
16th December 1935.

Submitted to His Highness.

55 *I submit herewith a Final Note by the* Second *Member of Council on the subject of* the sanction of a further working advance of Rs.60,000 to the Sri Krishnarajendra Mills, Mysore, *for His Highness' gracious approval.*

Mirza M. Ismail

Dewan.

Bangalore,
17th December 1935.

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Grant of further working advance of Rs.60,000 to the Sri Krishnarajendra Mills, Mysore.

5-7
C Seay
Dy
21-12-35

5-6 **Order.**
~~KRDS~~
20/12/35

General and Revenue Secretariat

2228/2e

334

SUBJECT:- Grant of further working advance of Rs 60,000/- to the Sri Krishnarajendra Mills, Mysore

---

58

Circulated to Members of Council for perusal of His Highness' orders before/after issue of orders. (*) (*Vide Rules* 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

Chief Secretary to Government.

Through the Secretary to Government,

Fe Department.

FIRST MEMBER OF COUNCIL. (Sir George)

59 SECOND MEMBER OF COUNCIL. MLee 26/12/35

To Financial Secretary with Compliments

26-12-35

26/12/35

(*)

31. All urgent or confidential files returned with His Highness' orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at Head-quarters and then sent to the Secretariat concerned for the issue of orders.

4890
24/12

NOTE.—Contn. sheet.

Serial No.

No Jl 5063 g. 13.12.35 to the Chairman S.K. Mills Ltd, sanctioning an additional working advance of Rs. 60000/- to the S.K. Mills, but rejecting the proposal to limit the repayment of interest to the working profit earned by the Mills every half year.

Copy to the Comptr with the endorsement that a supplemental demand for the amount will be placed before the L.C. in due course.

Copy to the Managing Agents.

1) Budget Section for kind noti

2) Secy to the Receipt & Agreement

82
21/1

Letter No: D 6.232 dt 4.1.1936 from the Director of Industries & Comm: forwarding copy of letter dt 20.12.1935 from the Managing Agents S.K. Mills requesting that they may be permitted to draw the above loan without waiting for the completion of the necessary legal documents & stating that if this is not possible, the Comptr may be requested to place at their disposal Rs 60,000 out of the amounts of Rs 65202-0-0 appropriated by the Comptr towards interest charges of the previous loan of Rs 2 lacs.

4) Subd: Both the proposals do not seem feasible. It is not known what special difficulty there is for completing the necessary legal documents

For orders.

62 H Secy) 7.1.36.

63 The great anxiety to get the money

NOTE.—Contn. Sheet.

WD 6521—GPB—30,000—18-7-35

WMac
H/1

Additional working advance to S. K. Nellis

27:10
2[illegible]

File No. of 193 | General and Revenue Secretariat

soon is not a healthy sign -

64 However as Govt have agreed to advance a further sum of £6,000 Rs the Compy may be allowed to advance the amount, in anticipation of getting the necessary documents executed & which may be done as quick as possible - I don't think that this involves any risk -

2nd ch'y)

7.1.36

8/1/36.

65 nil

9/1/36

10/1/36

66 Subd: with draft

10.1

67 Issue 10/1/36

68 Application submitted for information

Dewan)

13.1.36.

69 No

13-1-36

15/1/36.

OFFICE OF THE SECOND MEMBER OF COUNCIL
8 JAN. 1936
NO 5240

No. H. 5622-4-7
13.1.36
1936
P.M

DEWAN'S OFFICE
13 JAN. 1936
No. 44.36

B
W
4/1

2946/H

General and Revenue Secretariat | G. File No. 22 of 1935 | [App. F. III—2

Serial No.

8 H 5622 § 13.1.36 to the Chairman D.C. Mills & Dir. of Ind. etc. stating that the advance sanctioned may be drawn pending the execution of the necessary documents which may also be expedited.

9. No 001/Loans § 25.1.36 from the Comptr stating that interest on the bicycle loan & working advance amounting together to Rs. 56,717.13-0 has not been paid by the Mills though it fell due on 31-12-35 & requesting that the advance of Rs. 60000 has been paid to the Agents in full.

The Comptr would have done well to have sought the orders of Govt before making the payment.

A draft is proposed as a reply to the original letter of the Agents made through the Dir of Ind, embodying orders in paras 41 & 42 of N/S ante.

29/1/36

For approval
H Leey) 31.1.36.

The letter of the Comptr is for perusal. The Director of Industries and the Managing Agents have been informed that Govt do not agree to the suggestion of the Managing

NOTE.—Contn. Sheet.

WD 03594—GPB—30,000—18-7-35

agents that interest would be paid by Govt only to the extent of profits made -
So far as the ~~Govt~~ Comp^y is concerned he must go on pressing the Company for interest as per agreement so long as Govt. orders to the Contrary are not received by him - He will be informed accordingly
No reference has been received from the managing agents regarding the payment of the balance of interest as referred to in the last portion of the Comp^y's letter - This may be awaited -

2nd dr & Dewan)

31.1.36

1.2.36.

3/2/36.

3-2-36

4/2/36.

Draft Govt ord

5/2

Issue
5/2/36.

No Fe 60179 6.2.36 to the Comptr shall state that he may keep pressing the Mills for payment of interest due under the terms of the Agreement until orders to the Contrary are rcd.

SECOND MEMBER OF [illegible] No 5816
DEWAN'S OFFICE 3 FEB. 1936 No. 4797
TYPING SECTION 1934 4-6-0

G.7 90-35-1 .22-35-2

FINANCIAL BRANCH
5 OCT.
No.

Telegraphic Address:—"INDUSCOM."

GOVERNMENT OF MYSORE.

DEPARTMENT OF INDUSTRIES AND COMMERCE.

In reply please refer to
No. D6-SKM-2521/35-36
Encl. One

OFFICE OF THE DIRECTOR,

Dated Bangalore,.....3rd October 1935.....

FROM S. Abdul Majid, Esq., B.A.,
Director of Industries and Commerce in Mysore,
Bangalore (India).

FINANCIAL BRANCH
1545
10 OCT. 1935

S. Shamanna, Esq., B.A.,
Financial Secretary to the Government of Mysore,
B A N G A L O R E.

SIR,

Deferring the payment of interest due to Government on their loans to the Sri Krishnarajendra Mills Limited.

I have the honor to enclose for the information of Government copy of letter No. A. 2521 dated the 28th Septr. 1935 received from the Managing Agents of the Sri Krishnarajendra Mills Ltd., Mysore, and to state that I consider their proposal to make payment of interest on Government loans every half year, but subject to the condition that this should not have the effect of reducing their working capital, is reasonable. This concession has to be granted in order to obviate the necessity for further applications from the Agents for additional working capital to carry on the operations of the Company. There would be no difficulty in case the Mill makes a profit over and above the interest due; but in case they do not whatever the shortage is, should be credited to the loan account and should carry the same interest from that date.

I recommend that the above proposal may kindly be sanctioned.

I have the honor to be,
Sir,
Your most obedient servant,
S. Abdul Majid.
Director.

usc)

mai

Copy of letter No. A. 2521/35 dated the 28th Septr. 1935 from the Managing Agents, Sri Krishnarajendra Mills Ltd., Mysore to the Director of Industries and Commerce in - Mysore, Bangalore.

We beg to state that the results of working of the Mills for the six months ending June 1935 shows a loss of Rs 40,351/- after providing for interest charges due to Government amounting to Rs 62,517/-. This shows that the Company could earn Rs 22,166/- as against a liability to Government of Rs 62,517/- on their loans of Rs 24 Lakhs to the Company and the balance of Rs 40,351/- has to be - met out of the working capital advanced by Government.

We may further point out that the interest paid by the Company to Government from July 1931 to end of March 1935 has already been met out of the working capital of - Rs 8 Lakhs advanced by Government and to that extent the working resources of the company stood reduced.

This necessitated the recent application of the company for 2 Lakhs fresh working capital which the Government have been kind enough to sanction. The Company feels reluctant to approach Government any more in this connection. We therefore request that the Government may be pleased to direct the cash payments towards interest by the Company - should be made half-yearly, and be limited to the working profits of the company made during the period, the balance being held over for payments by the company out of future - profits.

If the Government should be pleased to grant this request the company could assure Government that they hope to be able to manage with the funds already sanctioned by - Government viz., 4 Lakhs for the Weaving Shed and 2 Lakhs for working capital and obviate the necessity for any further application for funds.

" COPY "

Director.

Appendix F G—1]

SUBJECT .....

.....

.....

Diary No. of letter replied to ....

General and Revenue Secretariat

( )

the *193*

Date of issue 25/10

Signed by ....

List of enclosures .....

Copied by .....

Examined by.....

Section G.F

File No. ~~20-35~~ 22-35

Serial No. 4

No. 3314

To

The Dist of Ikc.

Sir,

With reference to your letter No. D.6.S.K.M. 25-21/35-36 dt. 3.10.35, in the matter of deferring the payment of instalment due 6 months on the loans taken by the Sri Krishna Rajendra Mills, I am directed to state that the question has not been placed before the Board of Directors of the Mills, as no resolution of theirs

accompanies your proposal.

The matter may then be

proceed upon the Board accordingly

and their views obtained.

Thanks &c.

22/10

SB
22/X.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Dated, Bangalore, 24th October *193*5.

No. Je 3314
Q.7 22.35-4

From

The *Financial Secretary to the Government of His Highness the Maharaja of Mysore.*

To

The Director of Industries and Commerce in Mysore,
Bangalore.

Sir,

With reference to your letter No.L.6.SKM-2521/35-36 dated 3rd October 1935 in the matter of deferring the payment of interest due to Government on the loans taken by the Sri Krishnarajendra Mills, I am directed to state that the question does not seem to have been placed before the Board of Directors of the Mills as no resolution of theirs accompanies your proposal. The matter may kindly be placed before the Board and their views obtained.

I have the honour to be,

Sir,

Your most obedient servant,

M Shamanna

For Financial Secretary to Government.

mk.

7. S

SRI·KRISHNARAJENDRA·MILLS·LTD

TELEGRAMS "SRIKMILS" MYSORE TRADE MARK TELE

SPINNERS OF HIGH CLASS YARNS
MAKERS OF SUPERFINE HOSIERY IN COMBED COTTON & PURE SILK
P. O. BOX 101
MYSORE

FINANCIAL DEPT. 18 NOV 1935 200 GENL & REV. SECTT.

FINANCIAL SECRETARY 13 NOV. 1935 No.

REF. No. 13763

12th November 1935.

The Director of Industries
& Commerce in Mysore,
Bangalore.

Dear Sir,

Deferring payments of interest
on loans granted by Government
to the Mills.-

With reference to your letter No.D6. S.K. Mills.2521/-35-36 dated 2.11.35, we beg to note below a copy of Resolution No.5 passed at the Meeting of the Board of Directors held on 10th November 1935:-

> Resolved that in view of the fact that the additional loan of Rs.2 lakhs sanctioned towards working capital was barely sufficient to meet the working expenses, Government may be requested to limit payment of interest to the working profit earned every half year.
>
> Mr. S. Shamanna is of opinion that the Company should keep up to the terms of the Agreement and discharge its liability on the due da and that if further funds are necessary, the Company may approach Government for them.

We request that you may be pleased to move the

Government

Government to accede to the request contained in the above Resolution.

We remain,
Yours faithfully,

Sd/- N. Sirur & Co.,
Agents.

13764-21

Copied

Copy of the above is forwarded with compliments to the Financial Secretary to Government, Bangalore, together with a copy of our letter No.13765 of 12.11.35 to the Comptroller.

N. Sirur
Agents.

Ac

GN

SRI·KRISHNARAJENDRA·MILLS·LTD

TELEGRAMS "SRIKMILS" MYSORE TRADE MARK TELEPHONE No 268

SPINNERS OF HIGH CLASS YARNS
MAKERS OF SUPERFINE HOSIERY IN COMBED COTTON & PURE SILK

P.O.BOX 101
MYSORE

REF No. 13765 C1

12th November 1935.

The Comptroller
to the Government of Mysore,
Bangalore.

Dear Sir,

With reference to your letter Nos.332/Loans dated 12.10.1935 and 428/Loans dated 8/9.11.1935 intimating that it is proposed to adjust the interest amount of Rs.65,202/0/8 now overdue out of the loan of Rs.2 lakhs sanctioned by Government towards the working capital, we beg to submit that this loan of Rs.2 lakhs is barely sufficient to meet the working expenses. We have paid to Government on 25th April 1935 Rs.8,308/7/0 towards interest and can manage to pay at present Rs.14,594/9/2. We therefore request that the adjustment for the present be limited to the extent of Rs.14,594/9/2 which with Rs.8308/7/0 paid already represents the working profit earned for the half year ended 30.6.1935, as any considerable deduction in the loan by adjustment as proposed by you will put undue strain on the

resources

resources of the Company.

We enclose for your information a copy of letter No. 13763 dated 12.11.35 addressed to the Director of Industries & Commerce in the matter.

Yours faithfully

M. Sriramulu & Co.

Agents.

AC

GN

G.7.427-34-4

DEWAN'S OFFICE
28 NOV. 1935
No.....

In reply please quote reference to No. 460/Loans.

OFFICE OF THE SECOND MEMBER OF COUNCIL.
27 NOV. 1935
No. 11091

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE,

Bangalore, dated.....20th November.....*1935*

FINANCIAL SECRETARY
27 NOV.
No.....

FROM

A. N. RAGHAVACHAR, ESQ., M.A.,
Comptroller to the Government of His Highness the Maharaja of Mysore,
Bangalore.

26 NOV. 1935 3674

To

For perusal. S. Shamanna Esq., B.A.,
Financial Secretary to Government of Mysore,
Bangalore.

FINANCIAL
25 NOV. 1935
2140
GENL & REV. SECTT.

2 W Fl Secy 25/11/35
25.11.35
We will await the reference from the Director of Industries & Commerce on the Subject of payment of interest.
25.11.35
2nd W + Draft
26/11
26/11/35
26/11/35
27/11/35

SIR,

In forwarding herewith a copy of D.O.letter No.13765 dated 12-11-1935 together with its enclosure received from the Agents of the Sri Krishnarajendra Mills Ltd., Mysore, in the matter of payment of interest on the loans sanctioned to them by Government, I have the honour to state that a bill for a sum of Rs.2 lakhs sanctioned in G.O.No.Fl1301-3/GF 427-34-3 dated the 6/7th August 35 duly certified by the Director of Industries and Commerce in Mysore was received for ~~credit~~ audit on 18-11-35 from the Director with his letter No.D6.~~S16.11~~ SKM. 13708/35-36 dated 15-11-1935 and the same was returned to him duly passed for payment at the Mysore District Treasury for Rs.1,34,780-3-9 after deducting an amount of Rs.65,219-12-3 towards interest due to Government from the Mills as per details in the margin as provisionally agreed to by Mr. Sirur the Managing Agent of the Mills.

29-11-35
29.11.35.

Amount of the bill		Rs.200,000-0-0
Deduct. Interest on the Block loan of Rs.16 lakhs @ 5½% P.A. for the half year ended 30-6-1935.	Rs.43,638-5-8	
" Interest on the working capital loan of Rs.8 lakhs at 5½% P.A.for the quarter ended 30-6-1935.	Rs.10,969-14-0	
" -do- 30-9-1935.	Rs.11,090- 6-7	
	Rs.65,698-10-3	
Less amount due to the Mills on the daily balances at the credit of the personal Deposit account for the period from 1-4-1935 to 30-9-1935	Rs. 478-14-0	
		65,219-12-3
Net.		1,34,780-3-9.

of the Mills.

I have the honour to be,

Sir,

Your most obedient servant,

Comptroller.

M.J.

Copy of the letter No.13765-El, dated 12th November 1935, from the Agents Srikrishnarajendra Mills Ltd., to the Comptroller to the Government of Mysore, Bangalore.

With reference to your letter Nos.332/Loans dated 12-10-1935 and 428/Loans dateed & 8/9.11.1935 intimating that it is proposed to adjust the interest amount of Rs.65,202-0-8 now overdue out of the loan of Rs.2lakhs sanctioned by Government towards the working capital, we beg to submit that this loan of Rs.2 lakhs is barely sufficient to meet the working expenses. We have paid to Government on 25th April 1935 Rs.8,308-7-0 towards interest and can manage to pay at present Rs.14,594/9/2. We therefore request that the adjustment for the present be limited to the extent of Rs.14,594/9/2 which with Rs.8308/7/0 paid already, represents the working profit earned for the half year ended 30.6.1935 as any considerable deduction in the loan by adjustment as proposed by you, will put undue strain on the resources of the Company.

We enclose for your information a copy of letter No.13763 dated 12-11-35 addressed to the Director of Industries & Commerce in the matter.

Letter No.13763 ~~from~~ to the Director of Industries & Commerce in Mysore, Bangalore

Deferring payments of interest on loans granted by Government to the Mills.

With reference to your letter No.D6.S.K.Mills 2521/-35-36 dated 2-11-35 we beg to note below a copy of resolution No.5 passed at the Meeting of the Board of Directors held on 10th November 1935:-

> " Resolved that in view of the fact that the additional loan of Rs.2 lakhs sanctioned towards working capital was barely sufficient to meet the working expenses, Government may be requested to limit payment of - interest to the working profit earned every half year.
>
> Mr. S. Shamanna is of opinion that the Company should keep up to the terms of the Agreement and discharge its liability on the due date and that if further funds are necessary, the Company may approach - Government for them. "

We request that you may be pleased to move the Government to accede to the request contained in the above Resolution.

Copy of the above is forwarded with compliments to the Financial Secretary to Government, Bangalore, together with a copy of our letter No.3765 of 12-11-35 to the Comptroller.

--- Copy ----

H. Samanatha Rao.
Superintendent
M. A. D
21/11/35

G.7-22-35-5

FINANCIAL SECTION
2228
29 NOV. 1935
GENERAL SECT.

Telegraphic Address:—"INDUSCOM."

GOVERNMENT OF MYSORE.

DEPARTMENT OF INDUSTRIES AND COMMERCE.

In reply please refer to
No. D6.S.K.Mills.13763/35-36.
Encl. One.

OFFICE OF THE DIRECTOR,

Dated Bangalore, 25th November 1935

FINANCIAL SECRETARY
'8 NOV. 935
No.

For perusal.
FC Secy) 28/11/35

FROM

S. ABDUL WAJID, ESQ., B.A.,
Director of Industries and Commerce in Mysore,
Bangalore (India).

30/11/35

To

S. SHAMANNA, ESQ., B.A.,
Financial Secretary to the Government of Mysore,
Bangalore.

SIR,

Payments of Interest on loans and advances limited to the profits earned by the Mills.

* * * * *

As desired in your letter No.Fl.3314/G.F. 22-35-4 dated 25-10-'35 I have the honour to submit herewith a copy of the letter No. 13763 dated 12-11-1935 received from the Managing Agents of the Sri Krishnarajendra Mills, Ltd., Mysore, communicating the resolution on this subject of the Board of Directors passed at their Meeting on the 10th instant.

I request that early orders of Government may kindly be obtained in the matter.

I have the honour to be,

Sir,

Your most obedient servant,

Abdul Wajid.

DIRECTOR.

BV2)

Letter No.13763 dated the 12th November 1935 from the Agents Sri Krishnarajendra Mills,Ltd., Mysore, to the Director of Industries and Commerce in Mysore, Bangalore.

Deferring payments of interest on loans granted by Government to the Mills.

With reference to your letter No.D6.S.K.Mills.2521/35-36 dated 2-11-1935, we beg to note below a copy of Resolution No.5 passed at the Meeting of the Board of Directors held on 10th November 1935

'Resolved that in view of the fact that the additional loan of Rs 2 lakhs sanctioned towards working capital was barely sufficient to meet the working expenses, Government may be requested to limit payment of interest to the working profit earned every half year

Mr. S. Shamanna is of opinion that the Company should keep up to the terms of the Agreement and discharge its liability on the due date and that if further funds are necessary, the Company may approach Government for them.

We request that you may be pleased to move the Government to accede to the request contained in the above Resolution.

'COPY'

M.V. Ramiengar

DIRECTOR.

BV.25-11-1935.

No H 5063

C.F. 22-35-6

Dy 13.12.35

To

The Chairman, the Sri Krishnarajendra Mills Ltd., & Director of Industries & Commerce, Bangalore.

S i r,

With reference to correspondence ending with your letter No.D.S.K.Mills.13763 dated 25th November 1935, I am directed to state that Government regret that they cannot accept the resolution of the Board of Directors of the Sri Krishnarajendra Mills, Ltd., Mysore that payment of interest on the loans obtained by the Mills from Government may be limited to the working profit earned by the Mills every half year. Government are however pleased to sanction an additional working advance of Rs.60,000 to the Mills on the same terms and conditions under which the previous working advances were sanctioned by Government as Mr.Sirur personally represented that this additional advance is necessary owing to the increased scale of - operations and the existing commitments and market conditions. Steps may be taken to move yarn more quickly and increase the cash - balance.

I have etc

Financial Secretary.

Memo no H 5064

Dy 13.12.35

Copy of the above is forwarded with compliments to the Comptroller to Govt. A demand for this extra amount will be placed before the L.C. in due course.

Memo no H 5065

Dy 13.12.35

Copy to the Managing Agents.

13/12/35

Financial Secretary.

G.F. 22-35 7

Telegraphic Address:—"INDUSCOM."

GOVERNMENT OF MYSORE

DEPARTMENT OF INDUSTRIES AND COMMERCE.

In reply please refer to
No. No.D6.232/35-36
Encl.

FINANCIAL 2710 6 JAN. 1936 GENL & REV. SECTT.

FINANCIAL SECRETARY 6 JAN. No.

OFFICE OF THE DIRECTOR,

Dated Bangalore,...4th January 1936.....

FROM

S. Abdul Wajid, Esq., B.A.,
Director of Industries and Commerce in Mysore,
Bangalore (India).

TO

S. Shamanna, Esq., B.A.,
Financial Secretary to Government,
Bangalore.

SIR,

Further Working advance of Rs.60,000
to the Sri Krishnarajendra Mills, Ltd., Mysore.

I have the honour to state that the orders of Government conveyed in No.Fl.5063/G.F.22-35-6 dated 13th December 1935 were duly communicated to the managing Agents of the Sri Krishnarajendra Mills., Ltd., with a request that early action may be taken by them for obtaining the additional working advance of Rs.60,000 now sanctioned by Government.

I enclose copy of letter No.2791/14 dated 20th Decr.35 received from the Agents offering alternative proposals for allowing them as an emergency case to draw the above loan without waiting for the completion of the necessary legal documents. In view of the financial condition of the Mills, I recommend that Government may favourably consider the request of the Mills and communicate their orders in the matter early.

I have the honour to be
Sir
Your most obedient servant

Director.

L.R

Copy of letter No.2791/14 dated 20th December 1935 received from the Agents, Sri Krishnarajendra Mills.,Ltd.,Bombay

****

Working Advance.

We beg to inform you that we have received from the Financial Secretary to Government, Bangalore, a copy of his letter No.Fl.5063 GF.22-35-6 dated 13th December 1935 addressed to you, stating that Government regret that they cannot accept the resolution of the Board of Directors of Sri-Krishnarajendra Mills,Ltd., that payment of interest on loans obtained by the Mills from Government may be limited to the working profit earned by the mills every half year, and that Government however, are pleased to sanction an additional working advance of Rs.60,000 to the Mills on the same terms and conditions on which the previous working advances were sanctioned.

As the mills are in urgent need of funds, we beg to suggest that the Comptroller may be requested to allow the Company, as an emergency case, to draw against the above further loan of Rs.60,000 now sanctioned, without waiting for the completion of the concerning documents which will necessarily take some time. If that is not possible, in the alternative we beg to suggest that the Comptroller be requested to kindly place at the disposal of the Company, Rs.60,000 out of the amount of Rs.65,202-0-8 appropriated by the Comptroller towards interest charges out of the previous loan of Rs.2 lacs advanced by Government in respect of which documents have already been executed, and to adjust the above amount of Rs.60,000 against the loan of Rs.60,000 now sanctioned on completion of the relative documents. We trust that Government will be pleased to meet us in this respect, which will greatly help to relieve the strain on the resources of the Company.

****

Director.

L.R

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No. Ft 5622 G.F 22-35-8 13

Dated, Bangalore, 11th January 1936

From

The *Financial Secretary to the Government of His Highness the Maharaja of Mysore.*

To

The Chairman,
The Sri Krishnarajendra Mills Ltd., and
Director of Industries and Commerce in Mysore,
Bangalore.

Sir,

With reference to your letter No. D.6-232/35-36, dated the 4th January 1936 recommending that the Managing Agents may be allowed to draw the working advance of Rs. 60,000/- sanctioned in communication No. Ft. 5063-5/G.F. 22-35-6, dated the 13th December 1935 pending the completion of the necessary legal documents, I am directed to convey approval of Government to the same and to observe that the execution of the documents may be expedited.

I have the honor to be,
Sir,
Your most obedient servant,

13/1/36

for Financial Secretary to Government

Dft.

5623-4 a/c 13/1/36

Copy to Managing Agents for information in continuation of letter No. Ft. 5063-5/G.F. 22-35-6 dt. the 13th Dec: 1935.

TRM.4

Appendix F G—1]

SUBJECT.....

.....

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Section C.2

File No. 22-35

Serial No. 8

Diary No. of letter replied to.....

No. 5622

To The Chairman, the S.K. Millowners & Director of Industries & Commerce

General and Revenue Secretariat

( )

the *193* .

Sir,

Date of issue 13/1/36

With reference to your letter No. Ob.232/35.6 of the 4th January 1936 recommending that the Managing Agents may be allowed to draw the working advance of Rs.60,000 sanctioned in letter from No: H: 5063-5/J.J.22-35-6 of the 13th December 1935 pending the completion of the necessary legal documents, I am directed to convey approval of/sanction to the same and to observe that the execution of the documents may be expedited.

Signed by .....

H: H:

I have etc:

10.1.

List of enclosures.....

Copied by .....

Examined by.....

WD 03601—GPR—30,000—23-9-35

Copy to compare:
- on the Managing Agents } Under Continuation of letter No: H: 5063-5/J.J.22-35-6 of the 13th Dec: 1935 :: For H: Secy: to Govt

G.7.22-35-9

FINANCIAL BR. NO. 2946 29 JAN 1936

In reply please quote reference to No. 601/Loans

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE,

Bangalore, dated 25th January 1936

FINANCIAL SECRETARY 9 JAN. 1936 No.

FROM

A. N. RAGHAVACHAR, ESQ., M.A.,
Comptroller to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

To

S. Shamanna Esq., B.A.,
Financial Secretary to the Government of Mysore,
Bangalore

SIR,

I have the honor to intimate that the interest due on the Block Loan of Rs 16 lakhs for the half year ended 31-12-35 amounting to Rs 44,361-10-4 and the interest due on the working capital loan of Rs 10 lakhs for the quarter ended 31-12-35 amounting to Rs 12,356-2-8 (less interest on the daily balances at the credit of the personal deposit account held by the Sri Krishnarajendra Mills Ltd., Mysore) have not yet been paid by the Managing Agents of the Sri Krishnarajendra Mills. This interest was proposed to be deducted from the amount of the bill for Rs 60,000/- sanctioned by Government in their order No.5063/G.F. 22-35-6 dated 13-12-35 as additional working advance to the Mills which was received for preaudit from the Director of Industries and Commerce with No.D.6-232/35-36 dated 15-1-1936. But Mr. Sirur, the Managing Agent of the Mills represented to me at a personal interview that the adjustment of interest due to Government from the above bill would cripple the institution financially and that interest to the extent of Rs 20,000/- would be arranged to be paid out of the working profits as soon as they are ascertained and declared for the half year ending 31-12-1935 and that he would address Government in regard to payment of the balance of the interest and obtain their orders on the point

To avoid inconvenience the bill was authorised to be paid
for the full amount of the advance viz., Rs 60,000/-.

I have the honour to be,
Sir,
Your most obedient servant,

Comptroller

Appendix F G—1]

SUBJECT.....

.....

.....

Section C.7

File No. 22-35

Serial No. 10

Diary No. of letter replied to.....

No. 6017

To

The Comptr

Sir,

General and Revenue Secretariat

( )

the *193* .

Date of issue.....

Signed by .....

Under reference to your letter No. 6017/Loans 3. 25.1.36 reporting that Rai Bahadur Rai's interest amount which fell due on 31.12.35 has not yet been paid by the Srikakulam Mills, I am directed to state that the Managing Agents have not addressed Govt about the payment of the balance of interest, as you state you understood from Mr. Sivan Thampy would. Govt desire that you may however keep on pressing the Mills

List of enclosures.....

Copied by .....

Examined by.....

WD 03601—GPB—30,000—23-9-35

to pay the above entered in
accordance with the terms of
this Agreement, as long
as I/we do not receive any order
from Court indicating the Contrary.

Thumb mark.

5/12/36

S/W
5/12

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No. 6617 G.T 22-35-CO *Dated, Bangalore,* 6th February *193*6.

From

The *Financial Secretary to the Government of His Highness the Maharaja of Mysore.*

To

The Comptroller to Government,

Bangalore.

Sir,

With reference to your letter No.601/Loans dated 25th January 1936 reporting inter alia that the interest amounts which fell due on 31st December 1935 are not yet paid by Messrs:Sri Krishnarajendra Mills, I am directed to state that the Managing Agents have not addressed Government about the payment as you state you understood from Mr.Sirur they would.

Government desire that you may however keep on pressing the Mills to pay the interest in accordance with the terms of their Agreement, as long as you do not receive any orders from Government indicating the contrary.

I have the honour to be,

Sir

Your most obedient servant,

M Shamanna

For Financial Secretary to Government.

TSS.